

Message Text

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E.O. 11652: N/A

TAGS: BDIS PL

SUBJECT: TRADE COMPLAINT-BRUSS, INC. AGAINST PAGED

1. OUR CONVERSATIONS WITH DIRECTOR KOTLINSKI OF PAGED HAVE PRODUCED FOLLOWING INFORMATION REGARDING BRUSS, INC. TRADE COMPLAINT. PAGED OFFICIALS STATE TRANSFER OF RESPONSIBILITY FOR EXPORT OF WOODEN PAINT BRUSH AND ROLLER HANDLES FROM COOPEXIM TO PAGED WAS RESIQLT OF GENERAL RE-DISTRIBUTION OF PRODUCTS AMONG FOREIGN TRADE ORGANIZATIONS. AS RESULT OF THIS SHIFT, EXPORTS OF COOPEXIM PRODUCTS, WHICH ACCORDING TO PAGED HAD NEVER REACHED VOLUME SUFFICIENT TO JUSTIFY USE OF AGENT IN US, BEGAN TO BE HANDLED BY PAGED'S U.S. MARKETING SYSTEM, WHICH FOR TEN YEARS HAS OPERATED THROUGH INTERNATIONAL BOARD SALES, INC.

2. PAGED ASSERTS INCREASES IN 1974 PRICES WHOLLY ATTRIBUTABLE TO FREIGHT RATE RISES, WHICH THEY CLAIM TO HAVE ABSORBED IN 1973 WITHOUT CHANGING PRICES. EMBASSY UNABLE TO CONFIRM OR REFUTE VERACITY OF BRUSS, INC. CONTENTION THAT AGENCY FEE BEING FACTORED INTO 1974 PRICES. WITH REGARD TO BRUSS STATEMENT THAT PAGED HAS RAISED 1973 PRICES, PAGED OFFICIALS CLAIM UNIT COST HAS NOT INCREASED, RATHER THAT VOLUME OF SALES TO BRUSS HAS GROWN AND CORRESPONDING INCREASE IN VALUE OF LETTER OF CREDIT IS BEING REQUESTED. 1973 DELIVERY DELAYS ARE ATTRIBUTED BY PAGED TO LOCAL PRODUCTION PROBLEMS WHICH, IT IS SAID, HAVE CAUSED SIMILAR DELAYS

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IN THE PAST.

3. PAGED REPRESENTATIVES ARGUE THAT FREIGHT CHARGES HAVE RECENTLY INCREASED AND THAT FURTHER INCREASES ARE PROBABLE. AS A RESULT THEY INSIST ON INCLUSION OF FREIGHT CLAUSE IN FUTURE CONTRACTS TO PROTECT THEMSELVES.

4. THE DOCUMENT SIGNED BY MRS. KACPERSKA AND MRS. MOLDYSZ IN NEW YORK IS VIEWED BY PAGED AS AN EXPRESSION OF INTENT RATHER THAN A FORMAL CONTRACT AND IS NOT CONSIDERED LEGALLY BINDING. THE FIRM IS NOT PREPARED TO BEIGN 1974 DELIVERIES UNTIL A NEW CONTRACT, INCLUDING A FREIGHT CLAUSE AND PRICE INCREASES, IS SIGNED. IT IS OUR IMPRESSION THAT PAGED DOES NOT INTEND TO RETREAT FROM THIS POSITION.
DAVIES

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